

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for transfer
of Certificates Nos. 525-W and
454-S in Highlands County from
Crystal Lake Club to CWS
Communities LP d/b/a Crystal
Lake Club.

DOCKET NO. 991889-WS
ORDER NO. PSC-01-0428-PAA-WS
ISSUED: February 22, 2001

The following Commissioners participated in the disposition of
this matter:

E. LEON JACOBS, JR., Chairman
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

ORDER APPROVING TRANSFER, REQUIRING ACCOUNTS
AND RECORDS TO BE MAINTAINED IN CONFORMANCE WITH THE
NATIONAL ASSOCIATION OF REGULATORY UTILITY COMMISSIONERS
UNIFORM SYSTEM OF ACCOUNTS

AND

NOTICE OF PROPOSED AGENCY ACTION
ORDER ESTABLISHING RATE BASE FOR PURPOSES
OF THE TRANSFER

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service
Commission that the action discussed herein regarding the
establishment of rate base for purposes of the transfer is
preliminary in nature and will become final unless a person whose
interests are substantially affected files a petition for a formal
proceeding, pursuant to Rule 25-22.029, Florida Administrative
Code.

Background

On December 9, 1999, Crystal Lake Club (Crystal Lake, utility
or seller) filed an application with this Commission for approval
of the transfer of the utility facilities from Crystal Lake
Community, Limited Partnership, Diamond Valley Associates, Ltd.,

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

ORDER NO. PSC-01-0428-PAA-WS
DOCKET NO. 991889-WS
PAGE 2

Friendly Village, Lancaster Associates, Ltd. d/b/a Crystal Lake Club (partners or seller) to CWS Communities LP d/b/a Crystal Lake Club (CWS or buyer). Crystal Lake is a Class C utility serving 443 residential water and wastewater customers in Highlands County. Crystal Lake was granted Certificate No. 525-W by Order No. 22300, issued December 12, 1989, in Docket No. 891011-WU, and Certificate No. 454-S by Order No. 21515, issued July 7, 1989, in Docket No. 881002-SU.

The application, as filed, was deficient. All deficiencies were corrected on October 27, 2000. According to the application, the parties entered into a transaction, wherein CWS exchanged property (unnamed in the contract) for the Crystal Lake Mobile Home Park and all improvements and easements, including the Crystal Lake utility system. The contributed value or negotiated sales price of the exchanged property is \$10,131,149. The utility also provided an estimate of the rate base at the time of the transfer, using the 1990 information in Docket No. 900527-WS and updated to August 30, 1999. This resulted in a value of \$172,900 and \$258,600 for the water and wastewater systems, respectively, as of August 30, 1999, the date of transfer. We have jurisdiction pursuant to Section 367.071, Florida Statutes.

Transfer Prior to Commission Approval

Section 367.071(1), Florida Statutes, requires that:

No utility shall sell, assign, or transfer its certificate of authorization, facilities or any portion thereof . . . without determination and approval of the commission that the proposed sale, assignment, or transfer is in the public interest . . . However, a sale, assignment, or transfer of its certificate of authorization, facilities . . . may occur prior to commission approval if the sale, assignment, or transfer is made contingent upon commission approval.

Crystal Lake closed on the transfer to CWS on August 30, 1999, prior to obtaining Commission approval. In addition, the Real Estate Exchange and Contribution Agreement contained no provisions to make the agreement contingent upon Commission approval.

Section 367.161(1), Florida Statutes, authorizes the Commission to assess a penalty of not more than \$5,000 for each offense, if a utility is found to have knowingly refused to comply with, or to have willfully violated any provision of Chapter 367, Florida Statutes. In closing on the transfer of its facilities prior to Commission approval, the utility's act was "willful" in the sense intended by Section 367.161, Florida Statutes. In Order No. 24306, issued April 1, 1991, in Docket No. 890216-TL, titled In Re: Investigation Into The Proper Application of Rule 25-14.003, Florida Administrative Code, Relating To Tax Savings Refund For 1988 and 1989 For GTE Florida, Inc., the Commission having found that the company had not intended to violate the rule, nevertheless found it appropriate to order it to show cause why it should not be fined, stating that "[i]n our view, 'willful' implies an intent to do an act, and this is distinct from an intent to violate a statute or rule."

Although Crystal Lake's failure to obtain our approval prior to transferring facilities is an apparent violation of Section 367.071(1), Florida Statutes, there are circumstances that appear to mitigate the utility's apparent violation. Based on information provided by CWS, Crystal Lake was transferred as part of a large property exchange which involved other time sensitive sale transactions. In addition to the large property exchange in this docket, CWS also purchased Alafaya Palm Valley Associates, Ltd. (Docket No. 991984-WS), and Route 19A North Joint Venture (Docket No. 001083-WU) at about the same time Crystal Lake was purchased. The circumstances are similar in each of these transactions. Order No. PSC-00-1675-PAA-WS, issued September 19, 2000, in Docket No. 991984-WS, placed CWS on notice that it is expected to know and comply with this Commission's rules and regulations.

Crystal Lake's failure to obtain this Commission's approval prior to transferring its facilities appears to be due to a lack of understanding and knowledge of our rules and regulations. Although Crystal Lake is held to know the Commission's rules and statutes under which it must operate, when this matter was brought to its attention, the utility stated that it was not aware of the statutory requirement to obtain prior approval of the transfer from the Commission. We do not believe that the apparent violation of Section 367.071, Florida Statutes, rises in these circumstances to the level which warrants the initiation of a show cause proceeding. Therefore, we do not find it appropriate to initiate a show cause

proceeding against Crystal Lake for transferring its facilities without prior Commission approval. CWS is hereby placed on notice that it is expected to know and comply with this Commission's rules and regulations.

Books and Records

Rule 25-30.115(1), Florida Administrative Code, states that "Water and wastewater utilities shall, effective January 1, 1998, maintain their accounts and records in conformity with the 1996 NARUC Uniform Systems of Accounts adopted by the National Association of Regulatory Utility Commissioners." Accounting Instruction 2 of the NARUC Uniform System of Accounts (NARUC USOA) for Class C utilities states:

Each utility shall keep its books of account, and all other books, records, and memoranda which support the entries in such books of account so as to be able to furnish readily full information as to any item included in any account. Each entry shall be supported by such detailed information as will permit a ready identification, analysis, and verification of all facts relevant thereto. (emphasis added)

Further, Accounting Instruction 4, of the NARUC USOA for Class C utilities states:

Each utility shall keep its books on a monthly basis so that for each month all transactions applicable thereto, as nearly as may be ascertained, shall be entered in the books of the utility. Amounts applicable or assignable to specific utility departments shall be segregated monthly. Each utility shall close its books at the end of each calendar year unless otherwise authorized by the Commission. (emphasis added)

Rule 25-30.450, Florida Administrative Code, states:

In each instance, the utility must be able to support any schedule submitted, as well as any adjustments or allocations relied on by the utility. The work sheets, etc., supporting the schedules and data submitted must be organized in a systematic and rational manner so as to

enable Commission personnel to verify the schedules in an expedient manner and minimum amount of time. The supporting work sheets, etc., shall list all reference sources necessary to enable Commission personnel to track to original source of entry into the financial and accounting system and, in addition, verify amounts to the appropriate schedules. (emphasis added)

During an audit of Crystal Lake's books and records in March 2000, we learned that its accounts are commingled with those of the Crystal Lake Mobile Home Park (Crystal Lake Communities) and the books and records are maintained out-of-state. Even though the utility's books and records are commingled, we were able to extract the necessary information for transfer purposes. The resulting audit report contained several audit exceptions related to the utility's books and records.

Audit Exception No. 1 was the audit opinion that the utility was not maintaining its books pursuant to Rule 25-30.115(1), Florida Administrative Code, which requires all water and wastewater utilities to maintain their accounts and records in conformance with the NARUC USOA. The audit further indicated that the utility accounts are commingled with those of the Crystal Lake community; documentation was not maintained at the utility location; the utility contracts were with an accounting firm to prepare its annual report to the Commission; and the annual report is prepared by extracting utility activity from its Crystal Lake community general ledger.

Moreover, documentation relative to utility operations and plant was located out-of-state, in apparent violation of Rule 25-30.110(1)(b), Florida Administrative Code. That rule requires that "[u]nless otherwise authorized by the Commission, each utility shall maintain its records at the office or offices of the utility within this state and shall keep those records open for inspection during business hours by Commission staff."

The seller's failure to maintain the utility's books and records in accordance with the 1996 NARUC USOA is an apparent violation of Rule 25-30.115, Florida Administrative Code. However, the seller does not operate the utility anymore because CWS has acquired its facilities and is currently operating the utility. The Commission staff received a verbal commitment from CWS of its

intention to bring the books and records into compliance with the 1996 NARUC USOA. Also, with respect to the utility's practice of maintaining its books and records out-of-state, during the course of this proceeding, the utility made the necessary information available for purposes of the audit.

Based on the foregoing, we do not find it appropriate to initiate a show cause proceeding against Crystal Lake for failure to maintain its accounts and records in conformance with the NARUC USOA or for failure to maintain the books and records in-state, in apparent violation of Rules 25-30.115 and 25-30.110(1)(b), Florida Administrative Code, respectively. Since CWS now owns and operates the utility, it shall maintain the utility's books and records in conformance with the 1996 NARUC USOA. CWS shall also maintain the utility's books and records in-state or request the requisite authorization from the Commission to continue to maintain them out-of-state. CWS shall submit a statement with its 2000 annual report from its accountant by March 31, 2001, stating that the utility's books and records are in conformance with the 1996 NARUC USOA and indicating that the utility's books and records are being maintained in-state or that it is requesting authorization to maintain the books and records out-of-state.

In determining whether to request authorization to maintain the utility's books and records out-of-state, CWS should be aware that Section 367.121(1)(k), Florida Statutes, authorizes this Commission "[to] assess a utility for reasonable travel costs associated with reviewing the records of the utility and its affiliates when such records are kept out-of-state." Further, Rule 25-30.110(1)(c), Florida Administrative Code, defines reasonable travel expenses as "those travel expenses that are equivalent to travel expenses paid by the Commission in the ordinary course of its business."

Application

The application, as filed, contained numerous deficiencies. Those deficiencies were corrected on October 27, 2000. The application is now in compliance with Section 367.071, Florida Statutes, and other pertinent statutes and provisions of the Florida Administrative Code. The application contains a filing fee in the amount of \$1,500, as required by Rule 25-30.020, Florida Administrative Code. The application also contains evidence, in

the form of a recorded affidavit, that the utility facilities are located on real property dedicated to the utility and located within the boundaries of the land known as Crystal Lake Club, which is owned by CWS, as required by Rule 25-30.037(2)(q), Florida Administrative Code.

In addition, the application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code, including notice to the customers of the system being transferred. No objections to the application have been received and the time for filing such has expired.

Regarding its technical ability, CWS is retaining the management team that has operated the water and wastewater utility for the past ten years. At this time, the utility provides safe and reliable water and wastewater service to its customers, according to the application. The Department of Environmental Protection (DEP) was contacted, and according to DEP, there are no outstanding notices of violation against the utility.

With regard to its financial ability, CWS provided the company's consolidated financial statements. According to these statements, CWS has the financial ability to continue to operate the system. Further, CWS has indicated that it will provide the financial stability required to maintain the utility system in accordance with Commission standards and environmental regulations.

The application contains a copy of the real estate exchange and contribution agreement, which includes the contributed value (negotiated sales price), terms of payment and a list of the assets purchased and liabilities of Crystal Lake Mobile Home Park that were assumed. The application also indicates that the transfer is in the public interest because Crystal Lake Mobile Home Park will continue to receive the same quality service as in the past since the same management team will continue to operate the water and wastewater facilities.

Further, supplemental information provided by the applicant stated that at the time of closing there were no outstanding or pending customer deposits, guaranteed revenue contracts, developer agreements, or customer advances related to the utility. Also, the application stated that CWS will fulfill the commitments, obligations and representations of the seller with regard to

utility matters. All existing debts of the utility will be paid by the utility.

Our records indicate that the utility is current on its regulatory assessment fees and has filed an annual report for 1999 and all prior years. CWS will be responsible for filing all annual reports and paying regulatory fees for all subsequent years, including the year 2000.

CWS performed a reasonable investigation of the utility system to determine its condition. From that investigation, CWS found that the facilities appear to be in satisfactory condition and in compliance with all applicable standards set by DEP.

Based on the foregoing, we find that the transfer of Crystal Lake, holder of Certificates Nos. 525-W and 454-S, from the sellers to CWS is in the public interest and it is approved. The territory the utility is authorized to serve is shown on Attachment A of this Order, which by reference is incorporated herein.

Rate Base

Rate base for Crystal Lake was established by Order No. PSC-94-0243-FOF-WS, issued March 4, 1994, in Docket No. 930572-WS. That Order established rate base at \$164,461 and \$186,580, for the water and wastewater systems, respectively. According to the application, the proposed rate base is \$162,209 for the water system and \$231,261 for the wastewater system. Rate base was determined by starting with the 1998 Annual Report and updating the information to August 30, 1999, the date of transfer.

An audit of the utility's books and records was performed. The resulting report contained three audit exceptions concerning the utility's books and records.

Audit Exception No. 1. As previously discussed, the auditor indicated in the report that the utility did not maintain its books and records in conformance with the NARUC USOA.

Audit Exception No. 2. This exception was the audit opinion that plant-in-service and accumulated depreciation were incorrect. The audit balances from the previous audit were used for the beginning balances and verified annual report additions, plus other

additions and retirements were used to determine the depreciable plant balances. A water storage tank rehabilitation was attributed to plant-in-service instead of expenses. Another item was incorrectly posted to wastewater plant-in-service. As a result, plant-in-service was decreased by \$9,482 for the water system and by \$212 for the wastewater system. Rule 25-30.140, Florida Administrative Code, depreciation rates were applied to the audited plant subaccount balances from July 1993 to August 30, 1999. The resulting accumulated depreciation has been decreased by \$7,029 and \$11,799 for the water and wastewater systems, respectively.

Audit Exception No. 3. This exception was the audit opinion that the contributions-in-aid-of-construction (CIAC) and Amortization of CIAC were incorrect. Using the audit balances from the previous audit and verified annual report additions, the per audit CIAC and CIAC amortization have been recalculated. The resulting CIAC is \$475 more for the water system and \$325 less for the wastewater system. The resulting amortization of CIAC is \$2,421 more for the water system, and \$4,112 more for the wastewater system.

Based upon the foregoing, we find that rate base for Crystal Lake is \$161,702 and \$223,687, for the water and wastewater systems, respectively, as of the date of transfer, August 30, 1999. The schedule of water rate base is shown on Schedule No. 1, with adjustments shown on Schedule No. 2. The schedule of wastewater rate base is shown on Schedule No. 3, with adjustments set forth on Schedule No. 4. The rate base calculations are used solely to establish the net book value of the utility at the time it was transferred. The calculations do not include the normal ratemaking adjustments of working capital calculations and used and useful adjustments.

Acquisition Adjustment

An acquisition adjustment results when the purchase price of a utility differs from the original cost calculation adjusted to the time of transfer. CWS acquired the utility as part of the manufactured home community commonly known as Crystal Lake Mobile Home Park, in a property exchange transaction valued at \$10,131,149. Neither party to the overall sales transaction was able to place a separate value on the utility facilities.

In the absence of extraordinary circumstances, it has been Commission practice that the purchase of a utility system at a premium or discount shall not affect the rate base calculation. There are no extraordinary circumstances regarding this purchase that would justify an acquisition adjustment to rate base. This is consistent with previous Commission decisions. See Order No. PSC-00-1675-PAA-WS, issued September 19, 2000, in Docket No. 991984-WS; Order No. PSC-00-1659-PAA-WU, issued September 18, 2000, in Docket No. 000334-WU; Order No. PSC-00-1515-PAA-WU, issued August 21, 2000, in Docket No. 000333-WU; and Order No. PSC-00-1389-PAA-WU, issued July 31, 2000, in Docket No. 991001-WU.

We note that CWS has not requested an acquisition adjustment. Further, because CWS was unable to provide a separate purchase price for the utility's assets in the overall sales transaction, we are not able to determine what the acquisition adjustment would be at this time.

Rates and Charges

Crystal Lake's current rates for service were approved by this Commission pursuant to a price index rate adjustment effective January 14, 2000. The remainder of the utility's charges were approved effective October 1, 1994, pursuant to Order No. PSC-94-0243-FOF-WS, issued March 4, 1994, in Docket No. 930572-WS. The utility's approved rates and charges are set forth below.

WATER Residential and General Service (monthly rates)

<u>Base Facility Charge</u> <u>Meter Sizes</u>	<u>Charge</u>
5/8" x 3/4"	\$ 2.78
3/4"	\$ 4.16
1"	\$ 6.94
1 1/2"	\$ 13.87
2"	\$ 22.19
3"	\$ 44.40
4"	\$ 69.37
6"	\$ 138.76

ORDER NO. PSC-01-0428-PAA-WS
 DOCKET NO. 991889-WS
 PAGE 11

Gallonage Charge
 Per 1,000 Gallons \$ 1.29

WASTEWATER
Residential and General Service
(monthly rates)

<u>Base Facility Charge</u>	<u>Charge</u>
<u>Meter Sizes</u>	
5/8" x 3/4"	\$ 3.63
3/4"	\$ 5.44
1"	\$ 9.06
1 1/2"	\$ 18.11
2"	\$ 28.99
3"	\$ 57.96
4"	\$ 90.57
6"	\$ 181.13

Gallonage Charge
 Per 1,000 Gallons (maximum charge
 of 6,000 gallons)

Residential	\$ 1.42
General Service	\$ 1.71

Miscellaneous Service Charges

	<u>Water</u>	<u>Wastewater</u>
Initial Connection	\$ 15.00	\$ 15.00
Normal Reconnection	\$ 15.00	\$ 15.00
Violation Reconnection	\$ 15.00	Actual Cost
Premises Visit (in lieu of Disconnection)	\$ 10.00	\$ 10.00

Service Availability Charges

Water

Charge

System Capacity Charge Residential - per equivalent connection	\$ 375.00
Meter Installation Fee	\$ 100.00

Wastewater

Charge

System Capacity Charge Residential - per equivalent connection	\$ 700.00
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Rule 25-9.044(1), Florida Administrative Code, requires the new owner of a utility to adopt and use the rates, classifications and regulations of the previous operating company unless authorized to change by this Commission. CWS has not requested to change the rates and charges of the utility and we see no reason to change them at this time. CWS shall continue to charge the rates and charges approved in Crystal Lake's tariff until authorized to change by this Commission in a subsequent proceeding. CWS has filed a revised tariff reflecting the change in issuing officer due to the transfer. The tariff shall be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets.

It is, therefore,

ORDERED by the Florida Public Service Commission that the transfer of Certificates Nos. 525-W and 454-S and the utility's facilities from Crystal Lake Club, 533 East Crystal Lake Drive, Avon Park, Florida 33825, to CWS Communities LP, d/b/a Crystal Lake Club, 533 East Crystal Lake Drive, Avon Park, Florida 33825, is hereby approved. The territory the utility is authorized to serve is shown on Attachment A of this Order, which by reference is incorporated herein. It is further

ORDER NO. PSC-01-0428-PAA-WS
DOCKET NO. 991889-WS
PAGE 13

ORDERED that CWS Communities LP d/b/a Crystal Lake Club is hereby put on notice that it is expected to know and comply with the Commission rules and regulations. It is further

ORDERED that CWS Communities LP d/b/a Crystal Lake Club shall maintain its books and records in conformance with the 1996 NARUC Uniform System of Accounts, and submit a statement to this Commission with its 2000 annual report from its accountant by March 31, 2001, stating that its books and records are in conformance with the 1996 NARUC Uniform System of Accounts, pursuant to Rule 25-30.115, Florida Administrative Code. It is further

ORDERED that CWS Communities LP d/b/a Crystal Lake Club shall maintain the utility's books and records in-state or request the requisite authorization from the Commission by March 31, 2001, with its 2000 annual report, to continue to maintain its books and records out-of-state. It is further

ORDERED that rate base for the water and wastewater systems is \$161,702 and \$223,687, respectively, as of August 30, 1999, the date of transfer. It is further

ORDERED that an acquisition adjustment shall not be included in the calculation of rate base for transfer purposes. It is further

ORDERED that CWS Communities LP d/b/a Crystal Lake Club shall continue to charge the rates and charges approved in Crystal Lake Club's tariff until authorized to change by this Commission in a subsequent proceeding. It is further

ORDERED that the tariff reflecting the change in ownership shall be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets. It is further

ORDERED that all matters contained in the schedules attached hereto are by reference incorporated herein. It is further


ORDERED that the provisions of this Order, issued as proposed agency action, establishing rate base for purposes of the transfer, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form

ORDER NO. PSC-01-0428-PAA-WS
DOCKET NO. 991889-WS
PAGE 14

provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 22nd day of February, 2001.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

ALC

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our action establishing rate base for purposes of the transfer is preliminary in nature. Any person whose substantial interests are affected by

ORDER NO. PSC-01-0428-PAA-WS
DOCKET NO. 991889-WS
PAGE 15

the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on March 15, 2001. If such a petition is filed, mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing. In the absence of such a petition, this order shall become effective and final upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

Any party adversely affected by the Commission's final action in this matter may request: (1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

**CWS COMMUNITIES LP d/b/a CRYSTAL LAKE CLUB
HIGHLANDS COUNTY
WATER AND WASTEWATER SERVICE AREA**

In Section 2, Township 34 South, Range 28 East

All that part of the Southeast 1/4 and the Southeast 1/4 of the Northeast 1/4 of Section 2, Township 34 South, Range 28 East, lying West of the A.C.L. Railroad right-of-way together with that part of lots 9 to 14 inclusive, of WARREN AND MONDAY'S SUBDIVISION as recorded in P.B. 1, Page 10, Highlands County, Florida, lying within the following described boundary.

Commence at the Southeast corner of Section 2, Township 34 South, Range 28 East; run thence North 1° 08' 50" West along the line between Section 1 and 2 for 242.14 feet for a point of beginning, thence North 89° 48' 08" West, 2042.29 feet; thence North 1° 16' 18" West in and parallel with the West line of said Southeast 1/4 for 2352.93 feet to intersect the North line of said Southeast 1/4 (being also the South line of said WARREN AND MONDAY SUBDIVISION); thence run North 20° 20' 23" West 899.56 feet to a point herein designated point "A" which is the Westerly end of a control line along Lake Denton; thence continue North 20° 20' 23" West 30 feet, more or less, to the shore of Lake Denton, thence Easterly along the meanders of Lake Denton, 370 feet, more or less to intersect the North line of lot 9 of WARREN AND MONDAY SUBDIVISION; thence North 88° 38' 32" East, 50.0 feet, more or less along said North line to a point of the aforesaid control line which bears North 68° 29' 12" East, 417.65 feet from said point "A", thence continue North 88° 38' 32" East along said North line of Lot 9, 626.48 feet to intersect the East line of Southwest 1/4 of Northeast 1/4, thence North 1° 12' 34" West, 331.46 feet to the Northwest corner of Southeast 1/4 of Northeast 1/4, thence North 88° 38' 48" East along North line of Southeast 1/4 of Northeast 1/4, 220.95 feet to the Westerly R/W line of the A.C.L. Railroad R/W, thence South 18° 16' 58" East along said Westerly R/W, 3746.87 feet to the East line of Section 2; thence South 1° 08' 50" East, along the section line 149.60 feet to the point of beginning. Lying in Section 2, Township 34 South, Range 28 East, Highlands County, Florida. Also a 50 foot easement whose centerline is described as beginning at a point 437.82 feet North and 2051.50 feet West of the Southeast

ORDER NO. PSC-01-0428-PAA-WS
DOCKET NO. 991889-WS
PAGE 17

Attachment A
Page 2 of 2

corner of Section 2, Township 34 South, Range 28 East, Highlands County, Florida, run North 89° 48' 08" West, 1548.40 feet, to the beginning of a 100 foot easement, thence continue North 89° 48' 08" West, 300.0 feet to a point in the East right-of-way boundary of SR-17A.

SCHEDULE 1

CRYSTAL LAKE CLUB
SCHEDULE OF WATER RATE BASE
AS OF AUGUST 30, 1999

<u>DESCRIPTION</u> <u>COMMISSION</u>	<u>BALANCE</u> <u>PER UTILITY</u>	<u>COMMISSION</u> <u>ADJUSTMENTS</u>	<u>BALANCE</u> <u>PER</u> <u>COMMISSION</u>
Utility Plant in Service	\$ 398,816	\$ (9,482)	\$ 389,334
Land	3,403	0	3,403
Accumulated Depreciation	(121,107)	7,029	(114,078)
Contributions in Advance of Construction (CIAC)	(165,450)	(475)	(165,925)
Amortization of CIAC	<u>46,547</u>	<u>2,421</u>	<u>48,968</u>
WATER RATE BASE	<u>\$ 162,209</u>	<u>\$ (507)</u>	<u>\$ 161,702</u>

CRYSTAL LAKE CLUB
SCHEDULE OF WATER RATE BASE ADJUSTMENTS

<u>EXPLANATION</u>	<u>COMMISSION RECOMMENDED ADJUSTMENT</u>
Utility Plant-in-Service	
1) To account for verified additions and retirements from June 1993 through August 30, 1999	\$(9,482)
Accumulated Depreciation	
1) To recalculate depreciation based on service life pursuant to Rule 25-30.140(2)	7,029
Contributions in Advance of Construction (CIAC)	
1) To account for CIAC from June 1993 through August 1999.	(475)
Accumulated Amortization of CIAC	
1) To account for amortization of CIAC from June 1993 through August 1999	<u>2,421</u>
TOTAL ADJUSTMENT	<u>\$(507)</u>

SCHEDULE 3

CRYSTAL LAKE CLUB
 SCHEDULE OF WASTEWATER RATE BASE
 AS OF AUGUST 30, 1999

<u>DESCRIPTION</u>	<u>BALANCE PER UTILITY</u>	<u>COMMISSION ADJUSTMENTS</u>	<u>BALANCE PER COMMISSION</u>
Utility Plant in Service	\$ 544,618	\$ (212)	\$ 544,406
Land	7,914	0	7,914
Accumulated Depreciation	(200,912)	(11,799)	(212,711)
Contributions in Advance of Construction (CIAC)	(175,350)	325	(175,025)
Amortization of CIAC	<u>54,991</u>	<u>4,112</u>	<u>59,103</u>
WASTEWATER RATE BASE	<u>\$ 231,261</u>	<u>\$ (7,574)</u>	<u>\$ 223,687</u>

CRYSTAL LAKE CLUB
SCHEDULE OF WASTEWATER RATE BASE ADJUSTMENTS

<u>EXPLANATION</u>	<u>COMMISSION RECOMMENDED ADJUSTMENT</u>
Utility Plant-in-Service	
1) To account for verified additions and retirements from June 1993 through August 1999	\$(212)
Accumulated Depreciation	
1) To recalculate depreciation based on service life pursuant to Rule 25-30.140(2)	(11,799)
Contributions in Advance of Construction (CIAC)	
1) To account for CIAC from June 1993 through August 1999.	(325)
Accumulated Amortization of CIAC	
1) To account for amortization of CIAC from June 1993 through August 1999	<u>4,112</u>
TOTAL ADJUSTMENT	<u>\$(7,574)</u>